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MILITARY AIRLIFT

Operational Support Airlift Program Needs More Controls

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The Honorable Sam Nunn
Chairman, Committee on Armed Services
United States Senate

The Honorable Les Aspin
Chairman, Committee on Armed Services
House of Representatives

The Senate Committee on Armed Services' Report on the National Defense Authorization Act for fiscal years 1988 and 1989 requested that we provide a report to the Senate and House Committees on Armed Services concerning the use of military aircraft versus commercial aircraft for the travel of high-ranking military and civilian officials in the Department of Defense. As agreed with the Senate Committee on Armed Services, we evaluated (1) whether the services were following current Department of Defense policies and procedures concerning the use of operational support airlift versus commercial aircraft for the travel of DOD military and civilian personnel and (2) whether the use of military aircraft is cost effective compared to commercial air transportation services. This is our final report on your request.

As arranged with the Senate Committee on Armed Services, unless you publicly announce its contents earlier, we plan no further distribution of this report until 15 days after its issue date. At that time we will send copies to the Director, Office of Management and Budget; the Secretaries of Defense, the Army, the Navy, and the Air Force; and other interested parties upon request.

Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

The Senate Committee on Armed Services requested that GAO evaluate and report to the Senate and House Committees on Armed Services on whether the military services are following current Department of Defense (DOD) policies and procedures concerning the use of military aircraft versus commercial aircraft for the transportation of DOD military and civilian personnel. Additionally, in those cases in which military aircraft were used, GAO was requested to evaluate whether such use was cost effective compared to available commercial air transportation sources.

As requested, GAO limited its review to operational support airlift transportation of individuals and groups of seven or less passengers on smaller aircraft such as C-12, U-21, C-21, and T-39 aircraft.

Background

DOD regulations state that DOD transportation requirements within the continental United States will be satisfied through the use of commercial resources to the extent that these resources can satisfy DOD mission requirements.

DOD regulations also provide policies and procedures for the transportation of DOD and other personnel aboard DOD aircraft. Air transportation of DOD individuals and groups can generally be arranged on operational support airlift aircraft operated by each of the military services.

According to DOD, the operational support airlift system is operated in peacetime to meet essential DOD needs that cannot be satisfied by other means and to provide for essential readiness training to meet wartime requirements. The DOD goal is first to guarantee the essential peacetime readiness training and then to maximize the use of the airlift capability created by the training flights to satisfy official travel requirements.

The regulations also state that rank, grade, or position alone is not sufficient to justify support of airlift requests. Operational support airlift requesters are to assign a priority to their requests. Priority 1 is for emergencies; priority 2 is for when scheduling constraints preclude the use of other modes of transportation, including commercial; priority 3 is for classified movements; priority 4 is for group travel; and priority 5 is for all other requests.

Results in Brief

GAO's evaluation showed that the services were not following DOD's policies and procedures for operational support airlift travel. This resulted

in increased DOD transportation costs. GAO's findings on the military services' compliance with DOD regulations and operational support airlift cost effectiveness are not new; they have been reported several times before by DOD and service audit groups. GAO believes that management oversight and control over operational support airlift should be strengthened. GAO also believes that additional consolidation and automation of operational support airlift scheduling could make the airlift system more efficient and economical.

Principal Findings

Services Still Not Following DOD's Operational Support Airlift Procedures

Prior DOD and service audits of operational support airlift have shown weaknesses in management oversight and administrative controls. They have also identified abuses of operational support airlift, which result in increased DOD transportation costs.

GAO's current evaluation shows that weaknesses still exist. GAO found that the services still do not comply with DOD policies and procedures. For example, the use of operational support airlift aircraft versus commercial transportation is still not adequately documented and justified. In addition, requesters are still not following DOD instructions for assigning priority 2. For example, 45 of 53 priority 2 Army requests included in our study should actually have been priority 5 requests because commercial transportation was readily available

Additional Problems Weaken Management Oversight and Control Over Operational Support Airlift

GAO found additional problems that further weaken management control and oversight over operational support airlift operations including the following.

- Periodic management reviews to ensure that internal management controls are complied with were not always conducted, and, in some cases in which they had been conducted, they were not thorough or well documented.
- The services' implementing instructions for operational support airlift were not consistent with DOD's operational support airlift regulations.
- Overstatement of requirements to help ensure service and low passenger utilization resulted in uneconomical flights.

DOD believes that its operational support airlift system provides cost-effective training opportunities. GAO believes that providing cost-effective training and travel for DOD personnel are mutually attainable goals, and the services should develop ways to increase passenger utilization on their flights.

Operational Support Airlift Could Be More Effective

The services have achieved positive benefits from some automation and centralization of their operational support airlift scheduling systems. However, GAO found that the services' operational support airlift programs are still not as well automated and organized as they could be.

GAO believes that further automation and centralization of the services' operational support airlift scheduling systems could provide additional opportunities for a more efficient, cost-effective and service-oriented operational support airlift system.

Recommendations

To achieve greater management control and economy and efficiency over operational support airlift operations, GAO recommends that the Secretary of Defense

- direct the Secretaries of the Army, Navy, and Air Force to ensure that their implementing instructions and procedures for operational support airlift are consistent with DOD criteria;
- direct the Secretaries of the Army, Navy, and Air Force to (1) schedule operational support airlift training missions that increase passenger utilization as much as possible, consistent with the need to meet wartime readiness training requirements, and (2) eliminate overscheduling to ensure service;
- direct the Secretary of the Air Force to automate the Air Force's operational support airlift scheduling system so that the system can interface with the Navy's operational support airlift system, and the Army's system when it is fully automated; and
- consider consolidating all operational support airlift scheduling at a single automated scheduling activity.

Agency Comments

DOD generally agreed with GAO's findings and recommendations. DOD also described some of the actions it believes are necessary to correct the problems.

DOD stated that the operational support airlift system is operated in peacetime to meet essential requirements that cannot be met by other means and to provide for essential readiness training to meet wartime requirements. According to DOD, the goal for operational support airlift is first to provide for essential peacetime readiness training and then to maximize the use of the airlift capability created by the readiness training to satisfy official travel requirements.

DOD also stated that it was imperative that DOD maximize the use of operational support airlift, consistent with training and readiness requirements, to provide the most benefit from scarce resources. GAO agrees and believes that the actions DOD is taking to implement the recommendations in this report should help DOD achieve its goals for operational support airlift.

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Abbreviations

AAA	Army Audit Agency
AFB	Air Force Base
CAASO	Centralized Army Aviation Support Office
CONUS	Continental United States
DOD	Department of Defense
FORSCOM	Headquarters, U.S. Army Forces Command
GAO	General Accounting Office
MAC	Military Airlift Command
MAC/DOOF	Operational Support Airlift Division, Directorate of Current Operations, Deputy Chief of Staff Operations, MAC
NALO	Naval Air Logistics Office
OSA	Operational Support Airlift
TRADOC	Headquarters, U.S. Army Training and Doctrine Command

Introduction

The Senate Committee on Armed Services requested us to evaluate whether the military services—the Army, the Navy/Marine Corps, and the Air Force—are following current Department of Defense (DOD) policies and procedures concerning the use of military versus commercial aircraft for the travel of DOD military and civilian personnel. In those cases in which military aircraft were used, we were requested to evaluate whether such use was cost effective compared to available commercial transportation sources. Travel aboard military aircraft can be arranged through operational support airlift (OSA) missions flown by each of the services.

Operational Support Airlift

According to DOD's October 30, 1985, regulations on OSA, air transportation requirements within the continental United States (CONUS) will be satisfied through the use of scheduled or nonscheduled private sector aircraft to the extent that commercial airline or airlift services can satisfy DOD mission requirements. The regulations also state that OSA aircraft may be used to transport official DOD passengers and cargo and other passengers and cargo as military needs dictate or when the flight is made to provide funded and essential readiness training.

DOD's regulations on OSA provide that each of the services is authorized to operate OSA systems. The OSA aircraft meet wartime missions for the emergency airlift of personnel and cargo. In peacetime the aircraft are used to provide essential training, seasoning of pilots, and other logistics needs. Aircraft are not assigned on the basis of rank, grade, or position.

DOD's regulations on OSA state that each DOD component will prescribe procedures and publish appropriate operating costs for assessing the cost effectiveness of all OSA missions compared to the cost effectiveness of using commercial transportation. Additionally, according to the regulations, scheduling OSA aircraft in peacetime will fully consider cost effectiveness and the utility of allowable readiness training. To ensure cost effectiveness, advance requests for OSA are to include a cost comparison with commercial sources. They are to be signed by the senior traveler, have a full justification for the use of OSA, and be retained for at least 1 year. The regulations also state that unless operational demands dictate otherwise, activities and organizations requesting OSA will provide scheduling authorities with sufficient advance notice of flight requests (at least 3 days). In addition, requesters are to allow sufficient flexibility in departure and arrival times (at least 2 hours) to permit efficient employment of OSA aircraft. Rank, grade, or position alone is not sufficient to justify support of airlift requests. DOD has established

a list of priorities used in assigning OSA. These priorities are listed in the regulations and are outlined in table 1.1.

Table 1.1: OSA Priorities

Priority 1	Emergency airlift in direct support of operational forces or for lifesaving purposes
Priority 2	Official business airlift of personnel or cargo with scheduling or security constraints that cannot be satisfied by any other mode of transportation
Priority 3	Other official business airlift of passengers or cargo that requires the movement of classified material for mission accomplishment that cannot be accommodated by mail or by the Armed Forces Courier Service
Priority 4	Official business airlift involving group or team travel that requires the conduct of official business en route, maintains the integrity or cohesiveness of the group, and cannot be reasonably satisfied by other modes of travel
Priority 5	Any other official business airlift that can be shown to be less expensive than any other mode of travel to satisfy scheduling or delivery constraints Requests under this priority will be approved only when cost effective

A January 23, 1986, memorandum from the Deputy Secretary of Defense restated the need for DOD activities to adhere closely to DOD's regulations for OSA. It also provided some additional guidance on the services' use of OSA. The memorandum stated

"Over the past several years, numerous audit reports have identified instances in which the use of military airlift has been abused. Abuse will not be condoned, and the perception of abuse must be eliminated. In view of the large number of hotline referrals, allegations, and reports of findings received regarding the misuse of military airlift, additional controls are necessary to prevent abuse."

The memorandum also stated

"It is particularly important to address these issues in light of the Administration's emphasis on the elimination of fraud, waste, and abuse and the many initiatives to increase efficiency while reducing costs. There must be no real or even perceived 'squandering' of defense dollars."

In addition, the memorandum stated that military aircraft, both fixed-wing and rotary, will be used only when (1) such use is more economical than commercial aircraft or (2) airline services are not available, readily obtainable, or, for reasons that must be specified, incapable of satisfying the movement requirement. The memorandum restated that all requests should include a comparison of the costs for travel by military aircraft and commercial modes of transportation. It added new guidance that travel time saved by the traveler is not, in itself, justification for the use of military aircraft.

The Army OSA Program

The Army uses a decentralized OSA scheduling system that is not automated. The Army is currently moving toward a centralized automated scheduling system at its Centralized Army Aviation Support Office (CAASO) at Ft. Belvoir, Virginia. The Army predominantly uses C-12 and U-21 aircraft for OSA. These are fixed-wing propeller aircraft that can seat five to eight passengers depending on the configuration. The Army has 158 C-12 and U-21 aircraft assigned to 69 locations in CONUS.

Navy/Marine Corps OSA Program

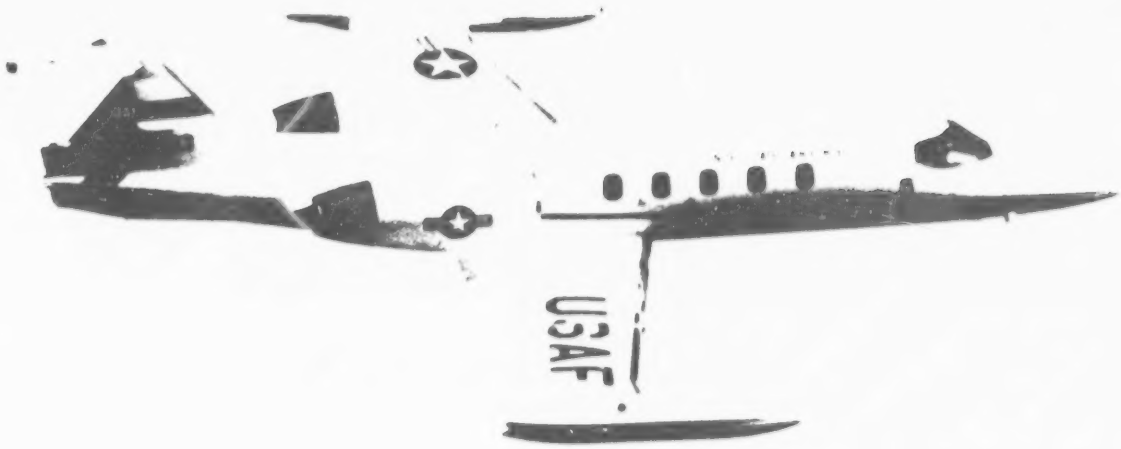
The Navy/Marine Corps OSA has a centralized automated scheduling system at the Naval Air Logistics Office (NALO) in New Orleans, Louisiana. The Navy/Marine Corps OSA aircraft include 44 C-12 propeller and T-39 jet aircraft stationed at 24 locations.

Air Force OSA Program

The Air Force OSA missions are centrally scheduled by the Military Airlift Command (MAC), Operational Support Airlift Division, Directorate of Current Operations, Deputy Chief of Staff Operations (MAC/DOOF), Scott Air Force Base (AFB), Illinois. This activity receives validated OSA requests by an automated digital network or by telephone. Travel requests are normally manually arranged by priority and destination 3 days in advance of flights. Manual changes can be made to the schedule through the day of departure. The Air Force uses 78 C-12 (see fig. 1.1) and C-21 (see fig. 1.2) aircraft for its OSA operations. It has stationed these aircraft at 12 locations throughout CONUS.

Figure 1.1: C-12 Aircraft

Figure 1.2: C-21 Aircraft



Prior Audit Reports Show OSA Management Weaknesses

Prior DOD and service audit reports have shown that the services did not follow DOD criteria for OSA. In addition, the reports have shown that OSA flights were less cost effective than readily available commercial flights.

A November 24, 1982, DOD Inspector General report stated that OSA programs continued to be used in an undisciplined manner, particularly in terms of cost effectiveness. The report noted that a lack of proper management controls over OSA had resulted in uneconomical flights. Further, the report said that these findings were not new and that most had been reported in prior audit reports. Some of the report's findings are outlined below.

- The cost of OSA was not visible to the user or paid by the activity using OSA.
- Many OSA flights included expensive empty legs.

- Air Force general officers or civilians of equivalent rank were routinely assigned priority 2 as justification for the use of OSA. For example, passengers on 148 of 152 trips were assigned priority 2 when they could have been, in most cases, scheduled on less costly commercial air carriers.

An October 10, 1986, Army Audit Agency (AAA) report found several weaknesses in the management of OSA operations at Ft. Bragg, North Carolina. The AAA report stated that (1) procedures to approve OSA missions were weak, (2) requests for OSA were approved without sufficient justification, (3) data needed to assign an appropriate priority were often omitted from OSA requests, and (4) priorities were routinely assigned based on rank. In addition, AAA reported that the use of readily available commercial service would have saved $76,000 on 115 of 163 OSA flights evaluated. The AAA audit report concluded that there was little assurance that the assigned priorities were appropriate or that the OSA missions were cost effective.

A July 1987 AAA audit of three U.S. Army Corps of Engineers' aircraft that were not OSA aircraft but were used for operational support showed that the passengers on 253 of 254 flights could have traveled at less cost on commercial airlines. The AAA recommended selling the aircraft. It appears that the problem will be resolved by pooling the aircraft with other Army OSA aircraft.

Objectives, Scope, and Methodology

The Senate Committee on Armed Services' report on the National Defense Authorization Act for fiscal years 1988 and 1989 requested that we determine (1) whether the services were following current DOD policies and procedures concerning the use of military versus commercial aircraft for the travel of DOD personnel and (2) whether the use of military aircraft is cost effective compared to commercial air transportation sources. As agreed with the Senate Committee on Armed Services, we limited our review to fiscal year 1987 OSA flights on smaller aircraft usually carrying up to seven passengers because most of the OSA missions use these smaller aircraft. We also limited our review to OSA units stationed in CONUS. We did not review the wartime requirements for OSA aircraft. According to DOD officials, wartime OSA requirements are currently being studied by the Office of the Secretary of Defense.

We selected a random sample of fiscal year 1987 OSA flights to test compliance with DOD and service procedures for OSA at several OSA activities

and at the units that use the OSA services provided by these activities. Our sample is shown in table 1.2.

Table 1.2: Sample of OSA Missions

Service	Base	Number of missions
Army	Charlie Brown Airfield	25
	Davison Army Airfield	32[a]
Navy/Marine Corps	Belle Chase Naval Air Station	14
	Jacksonville Naval Air Detachment	10
	Atlanta Naval Air Detachment	10
Air Force	Andrews AFB	25
	Wright-Patterson AFB	36
	Scott AFB	19
Total		**171**

[a]Some of our sampled missions included helicopter flights

We reviewed DOD and service criteria for OSA and interviewed appropriate service personnel to determine how they apply DOD OSA regulations and service OSA regulations and internal control criteria. We evaluated flight records and compared the cost of our sampled OSA flights with readily available commercial flights to determine cost effectiveness. We also reviewed the U.S. Army Training and Doctrine Command's (TRADOC) policy to use civilian pilots for its OSA aircraft.

DOD's OSA regulation applies worldwide. DOD requires that priority 2 be used only when scheduling or security constraints preclude the use of commercial airlift. Security requirements are more of a consideration in foreign travel than in domestic travel. Therefore, in evaluating the assignment of priority 2, which is discussed in chapter 2, we considered scheduling constraints as the primary evaluation factor.

Inconsistent reporting of the number of OSA missions needed to determine an appropriate universe size prevented us from projecting our results. Premature destruction of records further complicated our efforts. Nevertheless, we believe our sample results as well as the audit reports described above show that the services need to improve their OSA programs. Needed improvements are discussed in chapters 2 through 4.

We obtained official DOD comments (see app. I) on a draft of this report. These comments have been incorporated where appropriate. Our evaluation was conducted between June 1987 and May 1988 in accordance with generally accepted government auditing standards.

Services Do Not Follow DOD Criteria for Operational Support Airlift

Most of our sampled missions were assigned priority 2. Therefore, we concentrated our efforts on whether the services were following DOD criteria for assigning priority 2 to OSA missions. We also evaluated their compliance with other DOD procedures for OSA.

DOD instructions provide that OSA requests are to include a full justification for the use of OSA. Priority 2 is to be used for official business airlift of personnel or cargo with scheduling or security constraints that cannot be satisfied by any other mode of transportation. Rank, grade, or position alone is not sufficient to support an airlift request.

Our review showed that weaknesses in management oversight and control over OSA operations still exist. We noted that military activities still inappropriately assigned priority 2 to many OSA requests when a lower priority probably should have been assigned. For example, we found that

- flight coordinators at one Army command routinely assigned priority 2 to flight requests because they were not aware of DOD and Army procedures;
- some Navy requesters assigned priority 2 to requests because they believed that high-ranking officials' time-sensitive schedules more than justified priority 2 even though they had not consulted commercial schedules as required; and
- some Air Force validators routinely assigned priority 2 based on the rank of the traveler probably because Air Force OSA regulations do not prohibit such assignments.

We also found that (1) many Air Force activities did not retain OSA request documents for at least 1 year as required by DOD instructions, (2) some service activities were not following DOD instructions on performing reviews of internal controls, and (3) TRADOC's use of civilian pilots for its OSA aircraft was not covered by Army or TRADOC policy documents.

Army OSA Scheduling Procedures Inconsistent With DOD Criteria

All OSA flight requests that we reviewed at Headquarters, Army Forces Command (FORSCOM) were in writing, whereas requests at Davison Aviation Command were handled by telephone. The justification for using military versus commercial transportation, however, was not adequately documented at these locations. Therefore, we could not determine why priority 2 had been assigned. In October 1986 the AAA stated the following in its report on OSA at Ft. Bragg, North Carolina:

"Procedures used to approve operational support airlift missions needed strengthening. Requests for operational support airlift missions were approved without sufficient justification. The purpose of a mission and other pertinent information necessary to assign an appropriate priority were often omitted from requests. Under these circumstances, there was little assurance that the assigned priorities were appropriate or that the missions were cost effective."

Most of the requests in our Army samples were assigned priority 2. Table 2.1 shows the number, and the priority of OSA missions during fiscal year 1987 at FORSCOM and Davison Aviation Command.

Table 2.1: FORSCOM and Davison Aviation Command OSA Missions for Fiscal Year 1987

	Priority					
Activity	**1**	**2**	**3**	**4**	**5**	**Total**
FORSCOM	0	525	6	11	28	570
Davison	106	2,786	34	218	0	3,144
Total	**106**	**3,381**	**40**	**229**	**28**	**3,714**
Percent of total	3	89	1	6	1	100

As shown in table 2.1, about 89 percent of the OSA missions during fiscal year 1987 at FORSCOM and Davison Aviation Command were assigned priority 2. Flight coordinators at FORSCOM told us that they routinely assign priority 2 to flight requests. At Davison Aviation Command we were told that time constraint was the basis used for assigning priority 2, but there was little or no documentation to support the assignment of priority 2. Based on our analysis of 53 priority 2 requests included in our sample, we believe at least 45 should have been priority 5 requests because commercial transportation was readily available. Our discussions with Army officials indicated that Army OSA requesters were not aware of the DOD and Army procedures for requesting OSA flights. DOD commented that the Army is currently revising OSA directives to formalize procedures implementing its centralized scheduling system and to reestablish internal control programs.

Navy/Marine Corps OSA Scheduling Procedures Do Not Follow DOD Criteria

Our tests of Navy/Marine Corps OSA flight requests showed that requesters were inappropriately assigning priority 2 based on rank or when readily available commercial service could have satisfied the requests. In addition, we found that some activities may overstate their requirements (include more passengers than will actually fly) to ensure that the request meets NAFI's break even cost analysis parameters. The NAFI system accumulates flight requests to a destination and then evaluates whether enough passengers are scheduled on a potential flight to make

it cost effective compared to commercial cost data programmed in the system. For example, depending on the origin, destination, OSA cost, and commercial costs, break-even points could be between two and six passengers.

Our tests of a random sample of OSA flight requests indicated that for at least 30 of 40 flights where we could find complete data, the requesters were assigning priority 2 based on rank or where commercial travel was otherwise readily available. Some of the reasons requesters were not following DOD instructions were that (1) they considered the travelers' time to be important and (2) they did not consult commercial schedules which would show what commercial flights are available to meet desired schedules. Reviewing commercial flight schedules could help determine if there really is a scheduling constraint.

According to DOD instructions, priority 2 OSA is for passengers with scheduling constraints that cannot be satisfied by any other mode of travel. Our sample of OSA missions from Belle Chase included 13 priority 2 requests for 3 high-ranking Navy officers to attend meetings, ceremonies, and conferences. Flight requesters for these officials told us that the high-ranking officials' time-sensitive schedules more than justified the priority 2 codes. However, our review of applicable commercial travel schedules showed that, in many cases, the officials could have flown commercially within their time constraints.

We also noted that one requester usually overstated the number of passengers on travel requests for a high-ranking Navy official to a number above the NALO break-even point. He told us that this was done to ensure the flight and to limit the use of the aircraft to this official. Overstating requirements on flight requests weakens the usefulness of the NALO break-even point analysis and restricts NALO's ability to provide service to all.

We interviewed 31 Navy/Marine Corps OSA flight requesters, and 22 of them told us that they did not perform a local cost comparison including a review of commercial schedules. This review could reveal commercial flight availabilities. They said that cost comparisons were not performed at their level but at NALO through NALO's break-even cost analysis system which is part of NALO's automated scheduling system. A break-even analysis may be a good way to do cost analysis, but it should be based on an appropriate assignment of priorities and actual rather than inflated needs.

In its comments on a draft of this report, DOD stated that it should be recognized that cost comparisons at the local level are not conclusive because of factors and information not available to the requesting or validating activities. For example, requesters may not know the type of aircraft that may be provided and its associated flying hour costs or the number of other passengers that may be scheduled by other requesters. We agree that a thorough cost analysis at the requester level may be difficult. However, we believe that requesters should be reviewing commercial schedules to ensure that the proper priority has been assigned. DOD stated that a review of commercial schedules is essential before determining the travel priority required. DOD also stated that a revision of the Navy's OSA directive to clarify the request, validation, and internal control procedures has been initiated.

Air Force OSA Procedures Do Not Follow DOD Criteria

We found that Air Force OSA requests were vague and that priority 2 was assigned based on rank and without an appropriate analysis of the availability of commercial alternatives. We also found that Air Force activities were not retaining OSA request documents for at least 1 year, as required by DOD instructions.

Air Force OSA Validators Inappropriately Assigning Priority 2

We found that many Air Force OSA validators assigned priority 2 based on rank, which is contrary to DOD regulations. The Air Force system includes validators who are responsible for (1) ensuring the authority and validity of OSA travel requests, (2) assigning a priority to the travel requests, (3) sending the requests to the Air Force OSA scheduler, and (4) notifying the requesters of the status of their request. We found that 23 of the Air Force's 83 validators (28 percent) routinely assigned priority 2 based on rank (generally colonels and above). Part of the problem is that Air Force regulations are inconsistent with DOD regulations because they do not specifically prohibit assigning priority 2 based on rank. Also, there was a general misunderstanding among Air Force validators on what criteria to use and many validators equated priority with rank.

Air Force OSA validators also assigned priority 2 to OSA travel requests when commercial sources were readily available. This is contrary to DOD regulations for OSA. For example, we found that Air Force validators had routinely assigned priority 2 to 43 of 68 flights included in our sample when the passengers could have flown on readily available commercial airlines at lower cost.

DOD commented that although Air Force procedures do not specifically prohibit assigning priority 2 on the basis of rank, they do specify that validators are required to ensure the validity of each request and assign a priority in accordance with the DOD priority system. Once the priority has been assigned and the request forwarded to the central scheduling function, the schedulers are to provide the appropriate level of support. DOD stated that the problem appears to focus on the request and validation cycle rather than the scheduling process. We agree that Air Force requesters and validators are having a problem assigning an appropriate priority. We believe that part of the problem is that Air Force instructions are not specific enough. They should be changed to state more specifically what is required by DOD criteria, and Air Force requesters and validators should be required to follow the revised instructions.

Air Force Activities Not Retaining OSA Travel Data

Air Force criteria for retaining OSA travel request data are inconsistent with DOD criteria. DOD requires that travel requests be retained for a minimum of 1 year; however, Air Force criteria requires that travel requests be retained for only 1 month. The amount of time that requests are retained also differs among the 49 validators who responded to our questions about retaining travel requests, as shown in table 2.2.

Table 2.2: Air Force Validators' Responses on Retaining Travel Requests

Retention period	No. of validators
Until flight completed	3
1 month/30 days	16
2 months/60 days	2
3 months	3
4 months	1
6 months	2
1 year	19
2 years	2
3 years	1
Total	**49**

Although most validators responded that they retained travel requests for at least 1 month as required by Air Force instructions, less than one-half retained travel requests for the time frame required by DOD. The short retention period specified by the Air Force and followed by many validators results in auditable records of validators' priority assignment and cost comparison practices being available for only a limited period

of time. After the short retention period, managers are unable to determine from documentation whether validator functions are carried out in accordance with DOD and Air Force criteria. DOD commented that the Air Force is taking corrective action. For example, an interim notice on records retention has been sent to all OSA validators, and revisions are being made to Air Force regulations.

Compliance With DOD Internal Control Procedures Could Be Improved

DOD Directive, "Internal Management Control Program," revised April 14, 1987, provides that DOD components (including the military services) establish, review, and report on the internal management controls of programs and activities under their purview (i.e., procurement, property management, etc.). One of the reporting categories includes "...the management and control of all aspects on the use of land, sea, and air transportation for movement of personnel and equipment using both military and commercial sources." DOD's regulations for OSA also require that DOD's internal control directives be applied to the services' OSA programs.

We found that the services were not fully applying DOD's internal management control program directive to their OSA programs. For example, we found no evidence that internal control reviews of the Army's OSA system had been conducted by the Department of the Army, FORSCOM, or any of the organizations supported by Davison Aviation Command. In addition, we found that, contrary to Air Force regulations, MAC/DOOF did not reference documentation to support the data entered on its internal control assessment. We believe that effective internal control reviews could help ensure that OSA programs are consistent with applicable regulations and policies.

In its comments on this report, DOD stated that the services have initiated action to strengthen individual management control programs through the publication of revised implementing directives. It also stated that the services will review their OSA programs and ensure that weaknesses are considered for inclusion in the next annual assessment on internal controls. We believe that when these improvements are implemented internal management control should be strengthened.

TRADOC's Use of Civilian Pilots Not Covered by Current Policy Statements

Because of budget-related reductions in U.S. Army military pilot positions, TRADOC is currently using civilian pilots to operate some of its OSA aircraft. TRADOC officials told us that recent budget adjustments have resulted in a reduction in military pilot positions in some of TRADOC's aviation units. However, according to these officials, TRADOC wants to retain its OSA capability and therefore has begun to hire civilian pilots. However, we were also told that there are no U.S. Army or TRADOC policy statements concerning how civilian pilots would be used to meet contingency requirements or how the use of civilian pilots complies with DOD regulations for OSA.

DOD commented that its OSA directives require that the inventory of OSA aircraft be assigned solely on wartime requirements and be used in peacetime to provide essential training for operational personnel to ensure readiness to meet wartime requirements. DOD also stated that although its directive does not prohibit the use of civilian pilots, it is concerned that aircraft be assigned and controlled to support wartime requirements. We believe that TRADOC and the Army should develop policies and procedures covering the use of civilian OSA pilots for DOD's review and approval.

Conclusions

The services were not complying with DOD and, in some cases, their own criteria for OSA management, oversight, and control. For example, (1) requesters inappropriately assigned priority 2 and (2) Navy activities were overstating their requirements for OSA to ensure OSA service. Also, the services' lack of compliance with DOD internal control procedures that require commands to review and report on their internal control systems indicated that their attention to appropriate internal control over OSA activities was weak and should be improved. Additionally, TRADOC's use of civilian pilots for its OSA aircraft was not supported by appropriate policy and procedures documents.

Recommendations

To achieve greater management control over OSA operations, we recommend that the Secretary of Defense direct the Secretaries of the Army, Navy, and Air Force to ensure that their implementing instructions and procedures for OSA are consistent with DOD criteria, especially with regard to (1) assigning priorities, (2) retaining OSA documents, (3) not overstating requirements, (4) fully implementing and documenting internal management control reviews for OSA, including the procedures used at the requester level, and (5) using civilian pilots for OSA operations.

Agency Comments and Our Evaluation

DOD agreed with our recommendation and stated that the Secretary of Defense would forward a memorandum to all DOD components directing adherence to established OSA policies. According to DOD the memorandum will highlight the necessity to provide for support of essential DOD requirements and to promote maximum efficiency of OSA while meeting readiness requirements. DOD also stated that emphasis will be placed on the use of internal management control programs to identify and correct OSA shortcomings.

DOD stated that the intensity and level of mission requirements associated with high-ranking personnel result in demanding and compressed schedules, which frequently can only be met through the use of priority 2 military airlift. We agree that there are cases in which priority 2 is justified, but our work indicated that priority 2 was being inappropriately assigned. For example, (1) Army flight coordinators at one command routinely assigned priority 2, (2) Navy requesters assigned priority 2 because they believed that high-ranking officials' time-sensitive schedules more than justified priority 2 even though they had not consulted commercial schedules as required, and (3) Air Force validators routinely assigned priority 2 based on the rank or position of the traveler. Such assignments are not consistent with DOD criteria. DOD's planned action to direct adherence to established OSA policies should help ensure that the proper priority has been assigned.

Commercial Transportation Is Frequently More Economical Than OSA

We found many cases in which the services were flying OSA missions when readily available commercial transportation was more economical. DOD believes that OSA missions are a cost-effective way to train pilots. We did not evaluate whether OSA is the most economical and realistic way to train pilots. However, we believe that cost-effective training and transportation of DOD officials are mutually attainable goals. In addition, some Navy OSA aircraft are not stationed in areas of greatest need. This results in flying expensive empty flights to pick up passengers.

DOD Criteria for Cost-Effective OSA

DOD regulations for OSA dated October 30, 1985, state that air transportation requirements within CONUS will be satisfied through the acquisition of scheduled or nonscheduled private sector aircraft to the extent that commercial airline or airlift service can satisfy DOD's mission requirements. The regulations point out that OSA may be used to transport official DOD passengers when military needs dictate or when the flight is made to provide funded and essential readiness training. The regulations also state that scheduling OSA aircraft in peacetime will fully consider cost effectiveness and the use of allowable readiness training.

In addition, the regulations provide that each DOD component is to prescribe procedures and publish appropriate operating costs for assessing the cost effectiveness of all OSA missions compared to the use of commercial transportation. Cost effectiveness may be expressed in terms of a break-even number of seats to be filled by scheduled duty passengers on specific portions of a flight.

Analysis Shows Commercial Transportation Frequently More Economical Than OSA

OSA is not a scheduled military airline. However, OSA aircraft do frequently fly the same routes on a routine basis between military installations. These routes are also served by commercial carriers. DOD has stated that the OSA system is operated in peacetime to meet essential DOD needs that cannot be satisfied by other means and to provide for essential readiness training. DOD's goal is to first guarantee peacetime readiness training and then maximize the use of the airlift created by the training flights to satisfy official travel requirements. According to DOD, it is imperative that it maximize the use of OSA, consistent with training and readiness requirements, to provide the most benefit from scarce resources. We agree that DOD should maximize the use of OSA training missions to provide for the official travel of DOD personnel. However, we found, in many cases, that training missions were used to transport DOD passengers when they could have traveled on less expensive commercial

airlines. As discussed below, part of the problem is that passenger utilization on the flights was low and in some cases, portions of the flights were empty. Since the aircraft are going to fly to meet training requirements, DOD should seek ways to increase passenger utilization on the flights. These issues are discussed below.

Commercial Transportation Frequently More Economical Than Army OSA Missions

We examined documentation on randomly selected OSA missions at FORSCOM and Davison Aviation Command as well as aircraft utilization rates on the most heavily traveled routes at FORSCOM. Our analysis of 51 randomly selected OSA missions disclosed that 37 (73 percent) were not cost effective compared to the cost of commercial transportation over the same or similar routes. These included priority 2 flights that should have been downgraded to priority 5 because commercial service was readily available. The OSA costs for the 37 flights were about $30,000 more than commercial costs would have been. The following are some examples of OSA flights in which commercial transportation would have been more economical than OSA.

- Two passengers flew on an OSA aircraft from the FORSCOM Flight Detachment (Charlie Brown Airfield) to Houston and Dallas, Texas. The aircraft flew empty back to Charlie Brown Airfield. OSA costs were about $2,000 more than the commercial costs would have been.
- One passenger was on board an OSA flight from Charlie Brown Airfield to Pope Air Force Base, Fayetteville, North Carolina. The aircraft flew empty back to Charlie Brown Airfield. OSA costs were about $914 more than the commercial costs would have been.
- Two passengers flew on an OSA flight from Charlie Brown Airfield to Norfolk, Virginia, and then returned to Charlie Brown Airfield. OSA costs were about $1,039 more than commercial costs would have been.
- An OSA aircraft flew empty from Fort Meade, Maryland, to Davison Army Airfield, Fort Belvoir to pick up one passenger. He was the only passenger on board the OSA flight that departed Fort Belvoir, for Newburgh, New York. The aircraft then flew empty back to Fort Meade. OSA costs were $1,077 more than the commercial costs would have been.

In addition to the missions included in the sample, we analyzed the 10 most heavily traveled routes from FORSCOM. Our analysis of fiscal year 1986[1] aircraft utilization rates (average number of passengers per flight)

[1]We used fiscal year 1986 data because fiscal year 1987 data were not available in time for our analysis.

on these 10 OSA routes disclosed that commercial airlines were generally a more economical mode of transportation. (See table 3.1.)

Table 3.1: Comparison of OSA and Commercial Costs for the 10 Most Heavily Traveled Routes From FORSCOM

Installation location	One-way military cost		One-way commercial cost	Average number of passengers	Total cost of commercial	Commercial cost savings		Passengers needed to be cost effective	
	C-12	U-21				C-12	U-21	C-12	U-21
Ft Belvoir	$785.00	$1,315.00	$135.00	4	$540.00	$245.00	$775.00	6	10
Ft Bragg	494.00	822.00	103.00	3	309.00	185.00	513.00	5	8
Ft Stewart	349.00	616.00	109.00	3	327.00	22.00	289.00	4	6
Panama City	407.00	657.00	82.00	3	246.00	161.00	411.00	5	9
Tallahassee	320.00	534.00	95.00	3	285.00	35.00	249.00	4	6
Pensacola	436.00	657.00	85.00	2	170.00	266.00	487.00	6	8
Camp Shelby	465.00	740.00	166.00	2	332.00	133.00	408.00	3	5
Columbia	291.00	493.00	58.00	3	174.00	117.00	319.00	6	9
St Augustine	494.00	822.00	82.00	3	246.00	248.00	576.00	7	11
Charleston	378.00	616.00	30.00	3	90.00	288.00	526.00	13	21

As shown in table 3.1, OSA costs exceeded the commercial airfare on every route. It is not possible on some routes for OSA to be cost-effective because the number of passengers required exceeds the number of available seats on the aircraft. For a flight to Charleston, South Carolina, to be cost effective, there must be 13 passengers on a C-12 and 21 on a U-21. However, these two aircraft seat a maximum of five to eight passengers, depending on the configuration.

Commercial Cost Is Less Than Navy/Marine Corps OSA Cost

Our review of a random sample of Navy/Marine Corps OSA missions disclosed that many flights were not cost effective compared to readily available commercial transportation over the same or similar routes. For example, in 30 of 40 missions where we could find complete data, the OSA costs were about $32,000 more than commercial costs. These included priority 2 flights that should have been downgraded to priority 5 because commercial service was readily available. Some examples where commercial transportation would have been more economical than OSA are discussed below.

- An OSA aircraft flew three passengers from New Orleans to Luke AFB near Phoenix, Arizona. It left Luke AFB with two passengers and flew them to North Island, near San Diego. The aircraft then flew the two

passengers from North Island to Andrews AFB and returned to New Orleans with four passengers. OSA costs for these flights were at least $4,715 more than the commercial cost would have been. Also, the requester asked for space for seven passengers for most of these flights, but less passengers were transported. Overscheduling of Navy OSA requirements was discussed in chapter 2.

- An OSA aircraft flew two passengers from New Orleans to Atlanta, then Philadelphia, then Andrews AFB. It then returned to New Orleans with five passengers. OSA costs for these flights were at least $2,000 more than commercial costs. These flights were all assigned priority 2. In addition, the requester asked for space for six passengers on the first three flights but only two passengers were transported. We noted that the transporting of only two passengers on the first three flights was below NALO's break-even point for cost effectiveness.
- An OSA aircraft carried two passengers from Jacksonville to Willow Grove, near Philadelphia. It then carried seven passengers from Willow Grove to Jacksonville. The aircraft then traveled with five passengers from Jacksonville to Atlanta. After arriving in Atlanta, the OSA aircraft flew empty back to Jacksonville. OSA costs for these flights were at least $515 more than the commercial costs would have been.
- An OSA aircraft flew empty from New Orleans to Corpus Christi, Texas. The aircraft then carried two passengers to Andrews AFB and flew empty to New Orleans. OSA costs for these flights were about $3,700 more than the commercial costs would have been.

We noted that 9 out of the 10 missions we sampled from the Atlanta Naval Air Detachment were not cost effective compared to commercial rates. This results from the Detachment flying empty aircraft to pick up passengers in other areas, taking them to some destination, and flying empty back to Atlanta. According to a NALO official, about 27 percent of all flights flown during fiscal year 1987 were empty. He said the cause for this high number is the fact that not all OSA squadrons are located on the coast where the Navy's needs are greatest. To meet these needs, NALO has to preposition aircraft and schedule empty flights. However, these empty flights turn what otherwise might have been cost-effective missions into non-cost-effective missions, which raises the cost of transporting OSA passengers.

Air Force OSA Missions More Expensive Than Commercial Airlines

Our review of Air Force OSA missions showed that commercial travel would have been less expensive in many cases. For example, at least 43 of 62 missions where we could find complete data could have been accomplished in less costly commercial aircraft. This included priority 2

missions that should have been downgraded to priority 5 because commercial service was readily available. The cost difference between OSA and commercial airlines was about $64,000. Some examples of these flights are discussed below.

- An OSA aircraft flew empty from MacDill AFB, Florida to Randolph AFB, Texas, where it picked up six passengers and flew them to Homestead AFB, Florida. The aircraft then flew empty to Andrews AFB. OSA costs were about $2,000 more than the commercial costs would have been.
- An OSA aircraft flew from Andrews AFB to Offutt AFB, Nebraska, carrying one passenger. The aircraft then returned to Andrews with two passengers. OSA costs were about $1,800 more than the commercial costs would have been.
- An OSA aircraft departed from Andrews AFB and flew to Peoria, Illinois, with five passengers. The aircraft then flew empty to Colorado Springs, Colorado, where it picked up two passengers and flew them to Andrews. OSA costs were about $2,200 more than the commercial costs would have been.
- An OSA aircraft departed from Andrews AFB and flew one passenger to Maxwell AFB, Alabama. It then flew empty back to Andrews. The aircraft then flew two passengers to Dover AFB, Delaware, and flew empty back to Andrews. OSA costs were about $2,000 more than the commercial costs would have been.

MAC officials told us that OSA missions are usually more costly than comparative commercial travel. However, they added that the primary purpose of Air Force OSA is to season new transport pilots. Therefore, they believe that commercial travel costs are saved when DOD travelers use OSA because the OSA training missions would be flown anyway.

We believe that cost-effective training and transportation of DOD personnel are mutually attainable goals. We found some cases in which Air Force OSA costs were the same or below commercial costs when the assigned aircraft were well utilized. The key task seems to be to identify ways to increase passenger utilization on Air Force OSA flights that have been assigned appropriate priorities.

MAC/DOOF representatives told us that they do not perform cost analyses when scheduling OSA missions, but they try to schedule missions to carry the maximum number of passengers. We found that scheduled passenger occupancy on Air Force OSA missions was 24 percent during fiscal year 1987. (See table 3.2.)

Table 3.2: Scheduled Passenger Occupancy on Fiscal Year 1987 Air Force OSA Flights

Seats available	183,447
Seats occupied	43,532
Occupancy rate (total seats occupied/seats offered)	24 percent

The Air Force could increase the utilization of Air Force OSA aircraft by requiring that both commercial and OSA travel requests be sent to MAC/DOOF for possible OSA scheduling. This way the Air Force could possibly increase the utilization of OSA missions by putting more passengers, who would otherwise travel commercially, on OSA aircraft. Some Air Force activities already require military travelers to submit all travel requests for OSA transportation first. However, sending all travel requests to MAC/DOOF may require that MAC/DOOF replace its manual scheduling system with an automated system.

Conclusions

Our analysis shows that in many cases OSA training missions were used to transport DOD passengers when the passengers could have traveled on less expensive commercial airlines. DOD believes that OSA flights are cost effective because they are used to train pilots.

We did not evaluate whether OSA is the most effective and economical way to train pilots. However, we believe that cost-effective pilot training and travel of DOD personnel are mutually attainable goals. The key task is to find ways to meet both of these goals as much as possible.

Recommendations

To achieve a more cost-effective OSA system, we recommend that the Secretary of Defense direct the Secretaries of the Army, the Navy, and the Air Force to (1) schedule operational support airlift training missions that increase passenger utilization as much as possible, consistent with the need to meet wartime readiness training requirements, and (2) eliminate overscheduling to ensure service.

Agency Comments and Our Evaluation

DOD commented that all DOD peacetime OSA operations are programmed to ensure wartime readiness. Additionally, the use of these aircraft to satisfy travel requirements represents a cost avoidance by DOD. According to DOD, basing of OSA aircraft is primarily founded on considerations for maintaining wartime readiness rather than peacetime travel and support requirements. DOD also stated that within the approved service

flying hour programs, inefficiencies of the peacetime OSA system represent lost opportunities for added savings that may be achieved by diverting DOD passengers from commercial to military aircraft. DOD believes the issue is one of decreased savings rather than one of increased costs. In addition, according to DOD, training does not cause low passenger utilization, since the expressed purpose of OSA in peacetime is wartime readiness training and this training provides opportunities to transport DOD passengers.

DOD stated that a key issue is to make better use of OSA flights consistent with training and readiness needs. DOD agreed that improved passenger utilization may be attainable while accomplishing necessary wartime readiness training and seasoning of new pilots. DOD believes that improved service compliance with DOD procedures for OSA should help to improve utilization and increase savings. DOD stated that a memorandum will be issued to all components directing that compliance with DOD procedures be ensured.

Chapter 4

OSA Can Be More Effective

Even though OSA scheduling problems persist, DOD and the services have taken steps to make the OSA systems more effective including (1) the Navy has centralized scheduling on an automated system, (2) the Army is trying to adopt the Navy's system, and (3) the Air Force now has centralized manual scheduling. The steps toward centralization can have benefits. For example, Navy officials stated that the Navy's centralized automated scheduling system has resulted in a 12 percent reduction in empty flights and a 76 percent increase in the number of passengers carried. We believe that additional OSA effectiveness can be achieved by fully implementing the Army's centralized OSA scheduling activity, and by having the Air Force integrate the Navy and Army automated OSA systems into its scheduling system, which could increase the opportunities for better interservice coordination. DOD could then consider consolidating all OSA scheduling at one central activity which could increase service and result in a more cost-effective OSA system.

Army Needs to Fully Implement Centralized Scheduling

In response to past criticisms concerning the management of its OSA fleet, the Army conducted a study in 1985 of OSA concepts and practices. As a result, in March 1986 the Army Vice Chief of Staff approved a centralized scheduling concept. The Army also contracted with a private organization to examine OSA operations and recommend ways these operations could be more efficient. The final report stated in part that

"The Army's Operational Support Airlift is essentially devoid of management information, planning, and control.... Aircraft are stationed illogically at 113 locations in CONUS and operated on a completely random, individualized, fragmented, and uncoordinated basis. The Army is unable to provide information necessary to make a quantitative assessment of the economic ramifications of the way Army assets are operated. Nevertheless, we consider the probable waste in operations, aircraft maintenance, facilities, equipment, and personnel to be substantial."

It also stated that

"The Army's Operational Support Airlift management information system is, for all practical purposes, non-existent. Annual reports, required by regulation, appear to be submitted haphazardly and are worthless for management review and planning."

It recommended in part that

"Army leadership at all levels should give full support to and ensure total cooperation with CAASO so that centralized scheduling, vital to the corrective actions being taken, is implemented on a timely basis and in an effective manner."

"Responsible Army offices should routinely provide to CAASO all planned commercial travel so data may be captured and travel rebooked, if possible, onto Army aircraft."

"CAASO staffing levels and qualifications should be reevaluated."

"Aircraft stationing policies should be analyzed and a revised plan formulated prior to total implementation of centralized scheduling."

At the time of our review, the Army planned to have the CAASO at Ft. Belvoir fully operational as a scheduling activity by October 1988. One of the CAASO goals is to gather the data necessary for TRADOC to revalidate peacetime and wartime requirements for OSA and revise OSA organizations and stationing of aircraft as necessary.

CAASO is adopting the Navy's system, which could provide the Army with an automated airlift scheduling and information service. However, CAASO officials told us that inadequate staffing levels and a concern between Department of the Army and the major commands about who controls the aircraft may preclude CAASO from becoming a full-scale centralized scheduling activity.

Army officials assigned to CAASO told us a number of problems must be addressed before a centralized system can be successful. These problems include the following:

- records are not being kept for OSA passenger requests that are denied;
- data on the number of Army personnel who fly commercially without requesting OSA support do not exist; and
- decisions have yet to be made on how costs will be allocated to organizations that use OSA aircraft.

These problems may be difficult to overcome because the validators and their agencies receive requests and also validate, schedule, and fly the missions. Therefore, it is an additional administrative burden to compile and transmit information to CAASO. In addition, CAASO intends to provide the data to TRADOC to determine where the aircraft should be located. Therefore, these agencies may view the potential outcome of providing the data as a loss of aircraft assigned to them.

Air Force Should Automate Its OSA Scheduling Process

MAC/DOOF currently receives validated OSA travel requests by an automated digital network or by telephone. These travel requests are then manually arranged by destination and priority. OSA missions are scheduled 3 days in advance based on the requests and expected aircraft availability. Manual changes can be made to the mission schedules through the day of departure.

Air Force officials told us that MAC/DOOF had at one time studied an automated scheduling system. However, because MAC/DOOF prefers to maintain the flexibility of manually arranging flight plans up to the day of the flight, its scheduling operation was not automated. Automation should not, however, preclude flexibility in scheduling. For example, if a valid urgent requirement was requested, MAC/DOOF could try to accommodate it within the computer-generated schedule.

We noted in chapter 3 that passenger utilization on Air Force OSA flights was low. If the Air Force continues to maintain that it must fly all of its OSA missions to season young pilots, then it should seek ways to fill up its essential OSA flights. The Air Force could increase utilization by integrating its OSA scheduling system with the automated Navy system, which the Army is in the process of adopting. MAC/DOOF could then interface with Army and Navy systems and offer to add Army and Navy OSA passenger requests that the Army and Navy would have to cancel. This could increase service to regular OSA customers and enhance service to meet emergencies.

DOD Should Consider Consolidating All OSA Scheduling at a Central Activity

A further move toward a more efficient and cost-effective OSA system could be for DOD to consolidate all OSA scheduling at one central automated facility. Such a consolidation could multiply the benefits the services have achieved through consolidation of their own scheduling systems. For example, a centralized system could review all requests and aircraft availabilities and achieve efficiency, economy, and an extension of service to more DOD passengers by consolidating passengers over similar routes.

The Senate Committee on Armed Services asked us to evaluate 1 week of OSA missions flown by the military services from Washington, D.C., to various destinations. We randomly selected the week of July 13–18, 1987, and found that the services flew 87 OSA missions from the Washington, D.C., area to various destinations during this week. Our analysis showed that 23 of the 87 OSA missions could have been eliminated. Of these 23, 6 could have been eliminated by using rental cars for

destinations less than 50 miles away (helicopter missions). The other 17 could have been eliminated by consolidating passengers from one aircraft onto another aircraft. The other 64 OSA missions could not be consolidated because they departed at different times to different destinations. The consolidation efforts could have resulted in a savings of about $26,000 if the aircraft emptied through consolidation did not fly.

We recognize that further consolidation of OSA scheduling at a single activity may raise concerns that the individual services might lose control of their aircraft. It could also raise concerns that some service personnel would be able to use OSA aircraft on a particular day because they had enough personnel to make the mission cost effective for both training and travel, whereas personnel from another service may not be able to use OSA on that day. However, OSA is basically a service that should be fully utilized to ensure both training and travel economies. Consolidation at a single automated scheduling activity may be a better way to achieve these goals.

Conclusions

The services have taken some actions to achieve efficiencies and economies in their OSA operations. These benefits could be increased by adopting a phased plan that would be directed toward

- fully implementing the Army's centralized scheduling at CAASO;
- having the Air Force integrate the Navy's automated scheduling system into its system, which the Army is already doing; and
- consolidating all OSA scheduling at a central automated scheduling activity.

Recommendations

To achieve further efficiencies and economies in OSA operations, we recommend that the Secretary of Defense direct the Secretary of the Air Force to automate the Air Force's OSA scheduling system so that the system can interface with the Navy system and the Army system when it is fully automated.

After the above recommendation has been accomplished, the Secretary of Defense should consider consolidating all OSA scheduling at a single automated scheduling activity.

Agency Comments and Our Evaluation

DOD agreed that some improved efficiencies may occur from automation of the services' scheduling systems. DOD also stated that with the completion of the Army automation effort, all the services will have automated scheduling capability, although the Air Force has previously elected not to fully use its system to produce the operational schedule. DOD commented that the Air Force currently has an automated scheduling capability but has opted to rely more heavily upon manual procedures to allow more flexibility to respond to changing user needs. However, DOD stated that the Office of the Secretary of Defense will direct the Air Force to determine the feasibility of further use of automation and integration with the Navy system and take appropriate action that is consistent with wartime requirements and economic concerns.

DOD also commented that once the Air Force has completed its review, the Office of the Secretary of Defense, in conjunction with the services, will conduct an overall review to determine the feasibility of consolidation of scheduling activities. We believe that the actions planned by DOD should increase the economy and efficiency of the OSA program.

A draft of this report recommended that the Secretary of Defense direct the Secretary of the Army to fully implement the Army's plans to consolidate Army OSA scheduling at CAASO. DOD stated that, although it agreed in principle with this recommendation, the Army's actions to automate its OSA system preclude the need for action by the Secretary of Defense at this time. We agree that the Army has taken some actions and therefore deleted the recommendation. However, we are still concerned that a number of problems must be overcome to make the Army system successful. Periodic monitoring of the Army's efforts could help ensure that its attempts to automate and centralize its OSA scheduling system are fully successful.

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Comments From the Department of Defense

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-8000

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JUL 27 1988

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and
International Affairs Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the June 10, 1988, General Accounting Office (GAO) draft report, "MILITARY AIRLIFT: Operational Support Airlift Program Needs More Controls" (GAO Code 392343 - OSD Case No 7675). The Department concurs in general with the basic findings and recommendations of the draft report, but as indicated in the enclosed response, the DoD differs on the precise focus of actions that may improve the controls on the system and the economies that may be realized.

The Operational Support Airlift (OSA) system is operated in peacetime to meet essential DoD needs that cannot be satisfied by other means and to provide for essential readiness training to meet wartime requirements. The DoD goal is first to guarantee the essential peacetime readiness training and then to maximize the use of the by-product airlift capability to satisfy official travel requirements. It is imperative that the DoD maximize the use of the OSA, consistent with training and readiness requirements, to provide the most benefit from scarce resources.

In addition to actions already underway within the individual Services, the DoD is taking action to direct the Services to strengthen internal management control reviews of the OSA system and to identify system weaknesses and opportunities to further conserve resources. This will be accomplished by October 1, 1988.

The detailed DoD comments on each of the findings and recommendations contained in the report are provided in the enclosure. In addition, several technical corrections were provided to members of your staff. The DoD appreciates the opportunity to comment on the draft report.

Sincerely,

Enclosure

**GAO DRAFT REPORT - DATED JUNE 10, 1987
(GAO CODE 392343) OSD CASE 7675**

"MILITARY AIRLIFT: OPERATIONAL SUPPORT AIRLIFT PROGRAM NEEDS MORE CONTROLS"

DEPARTMENT OF DEFENSE COMMENTS

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FINDINGS

FINDING A: Army Compliance With DoD Criteria for Scheduling Operational Support Airlift. According to the GAO, DoD instructions provide that (1) operational support airlift (OSA) requests are to include a full justification for the use of the OSA, (2) request data be maintained for a minimum of one year, and (3) internal management controls be established. The GAO reported that the DoD instructions also state that priority two is for official business airlift of personnel or cargo with scheduling or security constraints, which cannot be satisfied by any other mode of transportation, and rank, grade or position alone is not sufficient to support an airlift request. The GAO selected a sample of 171 FY 1987 OSA flights, most of which were priority two, to test compliance with procedures. The GAO found that all of the sampled requests at Headquarters, Army Forces Command (FORSCOM) were in writing, while requests at the Davison Aviation Command were handled by telephone. The GAO also found that the justification for using military versus commercial transportation was not adequately documented and, therefore, the reason why the stated priority was assigned could not be determined. According to the GAO, flight coordinators at the FORSCOM said they routinely assign priority two to flight requests. The GAO reported that, while time constraints was the stated basis for priority two at Davison, there was little or no supporting documentation. Based on its review of 54 priority two requests sampled, the GAO concluded at least 45 should have been priority 5 missions, because commercial transportation was readily available. The GAO also concluded that the current Army OSA requesters were not aware of the DoD and Army procedures for requesting OSA flights. Overall, the GAO concluded that the Army OSA scheduling procedures are inconsistent with DoD criteria. (pp. 3-4, p. 18. pp. 20-22/GAO Draft Report)

Now on pp. 3, 14-16.

DoD Response. Partially concur. The DoD agrees that the Services have not fully and consistently complied with established OSA instructions. Accordingly, a memorandum will be issued to all components, before October 1, 1988, to restate the DoD policies and direct compliance with the DoD procedures. (See the DoD response to Recommendation 1.)

It should also be recognized, however, that the validating activity, not the scheduling activity, is required to maintain documentation supporting the assigned priority. Once a priority has been assigned, the scheduling activity must schedule available aircraft to meet the highest priority missions. It is the responsibility of the requesting and validating activities to consider the use of commercial service to determine its suitability for satisfying mission travel requirements; they must consider the total estimated travel time via both military and commercial airlift when assigning the airlift priority and must maintain supporting documentation for one year. While DoD policy states that rank, grade, or position alone is not sufficient to justify priority airlift, it should be recognized that the intensity and level of mission requirements associated with high ranking personnel result in demanding and compressed schedules that frequently can only be met through use of priority two military airlift. The Army is currently revising its OSA directives to formalize procedures implementing the centralized scheduling system and re-establishing internal control programs. Publication of this revision is anticipated in October 1988. The use of the OSA to satisfy official travel, as a by-product of essential training and wartime readiness activities, represents a cost avoidance rather than increased costs over commercial travel.

Finding B: Navy/Marine Corps Compliance With DoD Criteria for OSA Scheduling. The GAO found that, for at least 30 of 39 sampled OSA requests, the requesters were assigning priority two based solely on rank or where commercial travel was otherwise available. According to the GAO, reasons why requesters were not following DoD instructions included (1) they considered the travelers' time to be important and (2) they did not consult commercial schedules. The GAO reported that 25 of 26 Navy/Marine Corps OSA requesters did not perform a local cost comparison, which could have revealed commercial flight availability, but instead relied on break-even cost analysis done by the Naval Air Logistics Office (NALO). The GAO also reported that 19 of the sampled priority two requests were for high ranking Navy officers to attend meetings, ceremonies, and conferences. The GAO found that, although requesters said these officials' time sensitive schedules justified priority two, commercial flights were available within the time constraints. The GAO further found that one requester usually overstated the number of passengers to a number above the NALO break-even point. The GAO concluded that this practice weakens the usefulness of the NALO analysis and restricts the ability to fairly provide service to all. Overall, the GAO concluded that Navy/Marine Corps requesters are not following DoD criteria for OSA scheduling. (pp. 3-4, pp. 22-24/GAO Draft Report)

Now on pp. 3, 16-18.

DoD Response. Partially concur. See the DoD Response to Finding A. It should be recognized that cost comparisons at the local level are not conclusive because of factors and information not available to the requesting or validating activities. Review of commercial schedules, however, is

essential before determining the travel priority required for military airlift. A revision to the Navy's implementing directive (OPNAVINST 4631.2) is currently in coordination to clarify the request and validation process and the internal control process. Publication of this revision is anticipated in September 1988.

Finding C: Air Force Compliance With DoD Criteria For OSA Scheduling. The GAO found that 23 of 83 Air Force validators routinely assign priority two to OSA requests, based solely on rank. The GAO pointed out that part of the problem is that Air Force regulations are inconsistent with DoD regulations, since they do not prohibit assigning priority two based on rank. The GAO also found that for 43 of the 68 sampled flights, validators had routinely assigned priority two when commercial airlines could have been used at lower cost. In addition, the GAO found that Air Force criteria for retention of OSA travel request data for one month is inconsistent with DoD criteria, which call for retention for a minimum of one year. The GAO observed that this limited retention schedule results in auditable records of priority assignment and cost comparisons being available for management review for only a limited period of time. The GAO concluded that Air Force OSA scheduling procedures do not follow DoD criteria. (pp. 3-4, pp. 24-26/GAO Draft Report)

Now on pp. 3, 18-20.

DoD Response. Partially concur. See the DoD Response to Finding A. Although Air Force procedures in Air Force Regulation (AFR) 60-23 do not specifically prohibit assigning priority two on the basis of rank, they do specify that validators are required to ensure the validity of each request and assign a priority in accordance with the DoD priority system. Once the priority has been assigned and the request forwarded to the central scheduling function, the schedulers must provide the appropriate level of support. The problem appears to focus on the request and validation cycle rather than the scheduling process. The Air Force has taken corrective action on the records retention issue. An interim notice has been sent to all OSA validators and revisions are in process to AFR 12-50 Vol II and AFR 60-23.

Finding D: Compliance With DoD Internal Control Procedures. The GAO reported that the DoD Directive "Internal Management Control Program," provides that DoD components establish, review, and report on the internal management controls of programs and activities under their purview. The GAO further reported that the DoD internal control directives also require that the DoD internal control directives be applied to the Service OSA programs. The GAO found, however, that the Services are not fully applying the DoD internal control directive to their OSA programs. In the case of the Army, the GAO found no evidence that internal control reviews of the OSA system have been conducted. The GAO found that the NALO management control statement for July 1986 through June 1987, did not address the OSA airlift request and validation process. In addition, the GAO found that, contrary to Air Force regulations, an Air Force

Now on pp. 3, 20.

office had no documentation to support the data entered on its internal control assessment. The GAO concluded that effective internal control reviews could help ensure that OSA programs are consistent with applicable regulations and policies. (p.4, pp. 26-27/GAO Draft Report)

DoD Response. Concur. Service internal management control reviews must address the entire OSA system to include the airlift request and validation processes. It should be recognized, however, that the internal management reviews conducted by the scheduling activities cannot encompass the requesting and validating functions due to their differing responsibilities and the multiplicity of commands involved. As indicated in the DoD responses to Findings A through C, the Services have initiated action to strengthen individual management control programs through the publication of revised implementing directives. The Services will review their OSA programs and assure that weaknesses are considered for inclusion in the next annual assessment of internal controls.

Finding E: Use Of Civilian Pilots For Some OSA Aircraft. The GAO found that because of budget reductions in Army pilot positions, Headquarters, U.S. Army Training and Doctrine Command (TRADOC) is using civilian pilots for some of its OSA aircraft. The GAO pointed out, however, that DoD officials said this is inconsistent with instructions that state (1) the inventory of OSA aircraft will be based on wartime requirements and (2) the aircraft will be used in peacetime to provide essential training for military personnel. In addition, the GAO reported that DoD officials said if Army units cannot use their OSA aircraft to train military pilots, restationing of the aircraft should be considered. According to the GAO, the TRADOC wants to retain its OSA capability and has begun to hire civilian pilots in response to the military pilot reductions. The GAO also noted that, according to TRADOC officials, there is no Army or TRADOC policy on how civilian pilots would be used to meet contingency requirements or how the use of civilian pilots is consistent with DoD regulations. The GAO concluded that the use of civilian pilots by the TRADOC for its OSA aircraft is not consistent with DoD regulations. (p.2, pp. 27-28/GAO Draft Report)

Now on p. 21.

DoD Response. Partially concur. DoD directives require that the inventory of OSA aircraft shall be based solely on wartime requirements and that they shall be assigned and used in peacetime to provide essential training for operational personnel and to ensure readiness to meet wartime requirements. While the DoD directive does not prohibit the use of civilian pilots, the DoD is concerned that these resources be assigned and controlled in such a way as to support wartime requirements and to this end, will review the overall DoD policy.

Finding F: The Cost of Commercial Transportation Versus OSA. The GAO reported that DoD regulations state (1) air transportation requirements within CONUS will be satisfied

through the use of private sector aircraft, to the extent that DoD mission requirements can be met, and (2) scheduling OSA aircraft in peacetime shall fully consider cost effectiveness and the use of allowable readiness training. The GAO also reported that the regulations permit the use of OSA to transport official DoD passengers when military needs dictate, or when it is a by-product of funded and essential readiness training. The GAO assessed the OSA flights in its sample and found that, in many cases, commercial transportation would have been more economical. The GAO also pointed out that some of the priority two flights should have been downgraded to priority five. The GAO also discussed examples for each Service where commercial transportation would have been more economical. The GAO pointed out that, in addition, some of the Navy units overstated their requirements to help assure service, and some of the Navy operational support aircraft are not stationed in areas of greatest need. The GAO concluded that both of these actions are factors that increased costs. The GAO reported that Air Force officials agreed that OSA flights are usually more costly, but that it is cost effective, because the OSA is used to season young pilots. The GAO found, however, that maximizing training opportunities has resulted in low passenger utilization of the OSA. The GAO concluded that cost effective training and travel of DoD personnel are mutually attainable goals, and that the Air Force should develop ways to increase passenger utilization of its flights. (p. 5, pp. 30-39/GAO Draft Report)

Now on pp. 4, 23-29.

DoD Response. Partially concur. All DoD peacetime OSA operations are programmed to ensure wartime readiness; therefore, the use of these aircraft to satisfy travel requirements is a by-product of this readiness training and represents a cost avoidance by the DoD. Basing of the OSA aircraft is primarily founded on considerations for maintaining wartime readiness, rather than peacetime travel and support requirements. Within the approved Service flying hour programs, inefficiencies of the peacetime OSA system represent lost opportunities for added savings. The issue is one of decreased savings rather than one of increased costs. Training does not cause low passenger utilization since the expressed purpose of the OSA in peacetime is wartime readiness training, and actual movement is a by-product of that training. The DoD concurs that improved passenger utilization may be attainable, while accomplishing necessary wartime readiness training and seasoning pilots (See the DoD Response to Finding G). Improved Service compliance with DoD OSA procedures should help to improve utilization and increase savings achieved (see the DoD Response to Finding A).

FINDING G: Improving The OSA Effectiveness. The GAO acknowledged that the DoD has taken steps to make the OSA systems more effective. As examples, the GAO reported that the Navy has centralized scheduling on an automated system and the Army is attempting to adopt the Navy automated system. The GAO pointed out that the Army plans to have its system operational by October 1988, although poor staffing levels and concerns over

who controls the aircraft could preclude it from becoming a full-scale centralized scheduling activity. The GAO reported that the Air Force now has centralized manual scheduling, but decided not to automate its scheduling system to maintain the flexibility of manually arranging flight plans. The GAO concluded that automation should not preclude flexibility in scheduling. The GAO further concluded that, while the steps taken toward centralization have benefits, additional OSA effectiveness can be achieved. According to the GAO, two ways to achieve additional OSA effectiveness would be for (1) the Army to fully implement its centralized OSA scheduling activity, and (2) the Air Force to integrate the Navy and Army automated OSA systems into its scheduling system to increase the opportunities for better interservice coordination. The GAO further concluded that the DoD should consider consolidating all the OSA scheduling at a central activity. The GAO pointed out that such a consolidation could multiply the benefits the Services have achieved through consolidation of their own scheduling systems--i.e., it might be a better way to fully utilize the OSA service and assure that both training and travel economies are achieved. (pp. 5-6, pp. 40-45/GAO Draft Report)

Now on pp 4, 30-34

DoD Response. Partially concur. The DoD concurs that some improved efficiencies may occur from automation of Service scheduling systems. It should be noted that with the completion of the Army automation effort, all the Services will have an automated scheduling capability, although the Air Force has previously elected not to fully use its system to produce the operational schedule. The OSD will direct the Air Force to reconsider this decision to determine if further savings may be achieved through fully utilizing its automated scheduling capability. Further consolidation of OSA scheduling within the DoD will not contribute to the Services' ability to schedule individual requirements during wartime when forces deploy from peacetime bases. See also the DoD Responses to Recommendations 4 and 5.

RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Service Secretaries to ensure that their implementing instructions and procedures for OSA are consistent with DoD criteria, especially with regard to (1) assigning priorities, (2) retaining OSA documents, (3) not overstating requirements, (4) fully implementing and documenting internal management control reviews for the OSA, including the procedures used at the requester level, and (5) using OSA aircraft to train military pilots. (p. 6, pp. 28-29/GAO Draft Report)

Now on pp 4, 21

DoD Response. Concur. The Secretary of Defense will forward a memorandum to all DoD Components directing adherence to established OSA policies and to highlight the necessity to provide for support of essential DoD requirements and to promote maximum efficiency of the OSA while meeting readiness requirements. Emphasis will be placed on use of internal

management control programs to identify and correct OSA shortcomings. Estimated completion date is October 1, 1988.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Service Secretaries to make their operational support airlift operations more cost effective by (1) reducing operational support airlift flights that are not cost effective, (2) increasing passenger utilization where possible, and (3) eliminating over scheduling to assure service. (p. 6, p. 39/GAO Draft Report)

Now on pp. 4, 28

DoD Response. Partially concur. Flying hours allocated to the OSA represent the minimum necessary to meet wartime readiness and training requirements. The goal is to ensure that the OSA is used to meet requirements that cannot be satisfied by other means and to avoid travel costs through improved utilization of OSA flights required for readiness training. Accordingly, a memorandum will be issued to all components by October 1, 1988, directing that compliance with DoD procedures be assured. It should be noted that cancellation of OSA flights that are not economical solely for passenger purposes disregards the need to operate the OSA aircraft for training and readiness. The key is to make better use of OSA flights, consistent with training and readiness needs.

RECOMMENDATION 3: The GAO recommended that the Secretary of Defense direct the Secretary of the Army to fully implement the Army plans to consolidate operational support airlift scheduling at the Centralized Army Aviation Support Office. (p. 6, p. 45/GAO Draft Report)

Now on p. 34

DoD Response. Partially concur. Although the DoD agrees in principle with this recommendation, the Army initiative to automate the OSA system precludes the need for action by the Secretary of Defense at this time (see Finding G). Publication of Army procedures to implement the centralized scheduling system is anticipated in October 1988.

RECOMMENDATION 4: The GAO recommended that the Secretary of Defense direct the Secretary of the Air Force to automate the Air Force operational support airlift scheduling system so that the system can interface with the Navy operational support airlift system, and the Army system when it is fully automated. (p. 7, p. 45/GAO Draft Report)

Now on pp. 4, 33

DoD Response. Partially concur. The Air Force currently has an automated scheduling capability, but has opted to rely more heavily on manual procedures to allow more flexibility to respond to changing user needs. By October 1, 1988, the OSD will direct the Air Force to determine the feasibility of further use of automation and integration with the Navy and Army systems.

RECOMMENDATION 5: The GAO recommended that the Secretary of Defense consider consolidating all operational support airlift

Now on pp. 4, 33.

scheduling at a single automated scheduling activity. (p. 7, p. 45/GAO Draft Report)

DoD Response. Concur. Once the Air Force has completed its review (See the DoD Response to Recommendation 4), the OSD, in conjunction with the Services, will conduct an overall review to determine feasibility of consolidating scheduling activities.

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